



**ASX / MEDIA RELEASE
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CROWN ANNOUNCES 2014 HALF YEAR RESULTS

MELBOURNE: Crown Resorts Limited (ASX: CWN) today announced its results for the half year ended 31 December 2013:

• **Crown Resorts Limited performance:**

- Normalised NPAT¹ of \$315.0 million, up 29.4%
- Reported NPAT² of \$382.5 million, up 64.3% before significant items, and up 111.6% after significant items
- Normalised EBITDA \$392.3 million, down 2.0%
- Reported EBITDA \$479.0 million, up 26.8%
- Normalised EBIT of \$269.2 million, down 4.4%
- Reported EBIT of \$355.9 million, up 37.4%
- Interim dividend of 18 cents per share declared

• **Australian resorts performance:**

- Normalised revenue of \$1,401.7 million, down 6.1%
- Main floor gaming revenue of \$757.7 million, down 0.6%
- Non-gaming revenue of \$333.9 million, up 6.8%
- VIP program play turnover of \$23.0 billion, down 25.6%
- Normalised EBITDA of \$396.4 million, down 4.4%
- Reported EBITDA of \$484.1 million, up 16.3%

• **Melco Crown Entertainment (MCE) performance:**

- Crown's share of MCE's Normalised NPAT \$140.6 million, up 118.0%
- Crown's share of MCE's Reported NPAT \$147.5 million, up 107.5%

¹ Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play and pre-opening costs from MCE (see Attachments A and B for further information). Normalised results for the previous corresponding period have also been adjusted to exclude significant items. Crown considers that normalised earnings, which are calculated at theoretical win rates, are the best reflection of the underlying performance of the business as it removes the inherent volatility in VIP program play revenue.

² The difference between reported NPAT before significant items of \$382.5 million and normalised NPAT of \$315.0 million is due to an above theoretical result on VIP program play in Crown's Australian casinos of \$61.4 million and an adjustment to the equity accounted share of NPAT from MCE of \$6.9 million to exclude the impact of an above theoretical win rate on VIP play and pre-opening costs, partially offset by a below theoretical result at Crown Aspinall's of \$0.8 million.

The Chief Executive Officer of Crown, Mr Rowen Craigie, said:

“Overall, we have seen weak consumer sentiment that has adversely impacted trading at both Crown Melbourne and Crown Perth. The results for those resorts were below expectations and reflect the fact that their local economies are experiencing structural and cyclical challenges.”

“Compared to last year, normalised EBITDA was down 4.6% in Crown Melbourne and down 4.1% in Crown Perth and main floor gaming revenue was down 0.6% across Crown Melbourne and Crown Perth.”

“VIP program play turnover was well below expectations, particularly at Crown Melbourne, which was down 33.1% on the prior year, reflecting the competitive challenges facing Crown Melbourne.”

“In contrast, MCE has achieved another record result, with significant year on year growth across both the VIP and the mass market segments. This record result was the major contributor to the growth in Crown’s normalised NPAT. Crown’s share of MCE’s normalised result for the period was an equity accounted profit of \$140.6 million, up 118.0% on the prior year. After adjusting for an above theoretical win rate and pre-opening costs, Crown’s share of MCE’s reported NPAT result for the half year was an equity accounted profit of \$147.5 million.”

CROWN MELBOURNE

Normalised EBITDA from Crown Melbourne was \$278.5 million, down 4.6% on the prior comparable period (pcp). Reported EBITDA for the period was \$320.3 million, up 17.9% on the pcp. This reflects a win rate of 1.63% which is above the theoretical win rate of 1.35% and generated a positive EBITDA variance of \$41.8 million. This compares to a win rate in the pcp of 1.23% which resulted in a negative EBITDA variance of \$20.3 million.

Normalised revenue of \$950.2 million was down 9.4% on the pcp. During the half year, main floor gaming revenue was \$514.7 million, down 0.2% on the pcp. Normalised VIP program play revenue was \$219.3 million, down 33.1% on the pcp with turnover of \$16.2 billion.

Non-gaming revenue grew 5.8% to \$216.2 million. Crown Towers Melbourne hotel occupancy was 96.9% with an average room rate of \$326. Crown Metropal Melbourne achieved hotel occupancy of 92.7% with an average room rate of \$246. Crown Promenade Melbourne hotel occupancy was 93.4% with an average room rate of \$217.

The overall operating margin improved from 27.8% to 29.3%. This, in part, reflects Crown Melbourne’s comprehensive review of back of house costs and front of house operational efficiency as well as changes in business mix.

CROWN PERTH

Normalised EBITDA from Crown Perth was \$117.9 million, down 4.1% on the pcp. Reported EBITDA for the period was \$163.8 million, up 13.3% on the pcp. This reflects a win rate of 2.06% which is above the theoretical win rate of 1.35%, and generated a positive EBITDA variance of \$45.9 million. This compares to a win rate in the pcp of 1.71% which resulted in a positive EBITDA variance of \$21.7 million.

Normalised revenue of \$451.5 million was up 1.7% on the pcp. During the half year, main floor gaming revenue was \$243.0 million, down 1.4% on the pcp. Normalised VIP program play revenue was \$90.8 million, up 2.0% on the pcp with turnover of \$6.7 billion.

Non-gaming revenue grew 8.6% to \$117.7 million. Crown Metropal Perth hotel occupancy was 90.2% with an average room rate of \$314. Hotel occupancy at Crown Promenade Perth was 93.9% with an average room rate of \$222.

The overall operating margin decreased from 27.7% to 26.1%. In part this reflects the change in business mix and higher costs associated with operating the expanded property. Crown Perth will continue to pursue productivity and efficiency improvements.

Crown Perth saw an improvement in the availability of parking during the half with the introduction of a temporary car park and the creation of additional car parking following the demolition of the Dome. The improved parking facilities will be further enhanced as the multi-storey car park, currently under construction, introduces a further 1,500 bays in early 2015.

Work is progressing on the early stages of Crown Towers Perth which is expected to open at the end of 2016. Following the completion of the construction tender and further refinement of design, the revised estimated cost for Crown Towers Perth is now \$645 million (inclusive of land cost). The capital expenditure undertaken in upgrading and expanding Crown Perth will significantly enhance the resort and is expected to be earnings and value enhancing for shareholders.

CROWN ASPINALL'S

Normalised EBITDA from Crown Aspinall's was \$17.6 million, down 16.6% on the pcp. Reported EBITDA for the period was \$16.6 million. The prior period's results included favourable trading associated with the London Olympics.

MELCO CROWN ENTERTAINMENT: Macau (33.6% equity interest)

Crown's share of MCE's normalised NPAT result for the half year to 31 December 2013 was an equity accounted profit of \$140.6 million, up 118.0% on the pcp. After adjusting for an above theoretical win rate and pre-opening costs, Crown's share of MCE's reported result for the half was an equity accounted profit of \$147.5 million, up 107.5% on the pcp.

The growth in MCE's EBITDA was attributable to substantially higher group-wide revenues across both the VIP and the mass market segments. Revenue growth was particularly strong within the premium mass customer segment at City of Dreams. MCE's ongoing commitment to control costs also contributed to the growth in EBITDA.

As stated in MCE's recent Q4 2013 results announcement, Macau continues its strong upward trajectory with total gaming revenues growing at approximately 19% in 2013 with strong growth in both the VIP and mass market segments. The Macau and Mainland China Governments remain highly supportive of Macau's long term growth, as highlighted by the progress on their infrastructure and regional development blueprint, including the rapid development of Hengqin Island, improved immigration facilities, the development of the Macau Light Rail system and the Hong Kong - Zhuhai - Macau Bridge.

As reported in MCE's recent Q4 2013 results announcement, MCE's development pipeline continues to progress. Studio City, MCE's new cinematically-themed integrated resort in Cotai, remains on budget and on track to open in mid-2015 while the iconic fifth tower at City of Dreams in Macau is anticipated to open by early 2017. MCE, through its 76.4% owned subsidiary, Melco Crown (Philippines) Resorts Corporation, recently completed a US\$340 million, 5% senior note offering. This delivers MCE a fully funded financing package to open City of Dreams Manila later this year. MCE also announced the addition of the Nobu Hotel and food and beverage concepts at City of Dreams Manila, which provides another exciting addition to the recently announced Crown Towers Hotel.

MCE has announced that on 25 February 2014 its Board will consider payment of a special dividend as well as the implementation of a dividend policy. If approved by the MCE Board, a special dividend would also need MCE shareholder approval. Crown's share of the proposed special dividend would be US\$64.2 million. The proposed dividend policy is to pay as a dividend on a quarterly basis 30% of MCE's annual consolidated net profit after tax.

The proposed MCE special dividend and new dividend policy (which are yet to receive the necessary MCE Board and shareholder approvals) have not impacted Crown's 2014 half year results.

Should the payment of a special dividend be approved by the MCE Board and, subsequently, by MCE's shareholders and the proposed dividend policy be approved by the MCE Board, then the Crown Board will assess the impact on Crown and will review Crown's dividend policy. Any such review will be completed prior to Crown announcing its full year results in August 2014.

OTHER INVESTMENTS

Aspers Group – Crown continues to hold a 50.0% equity share in the Aspers Group. Crown did not receive a distribution of any profits or recognise any earnings from the Aspers Group during the period. Total debt owed to Crown at 31 December 2013 was £70.3 million.

Betfair – Crown's equity accounted share of Betfair's loss was \$1.8 million.

Cannery – Crown continues to hold a 24.5% equity share in Cannery. Crown did not receive a distribution of any profits or recognise any earnings from Cannery during the period.

Capital Golf Course – During the period Crown acquired the shares of Capital Club Pty Ltd (the owner and operator of the Capital Golf Course and the Melbourne Golf Academy which are situated on approximately 103ha of freehold land) for a purchase price of \$67.6 million. This gives Crown 100% ownership and control of the Capital Golf Course, enabling Crown to better integrate the Capital Golf Course into its VIP operations.

Caesars Growth Partners – During the period Crown exercised its rights to acquire an interest in a newly formed entity, Caesars Growth Partners (CGP), the owner of certain assets which were transferred to CGP from Caesars Entertainment Corporation (Caesars). These assets include a majority stake in Caesars Interactive Entertainment, the Planet Hollywood Resort in Las Vegas and a portfolio of bonds issued by Caesars. The interest in CGP was acquired at a cost of US\$22.6 million.

CROWN SYDNEY PROJECT

On 11 November 2013, Crown announced that it had entered into agreements with the New South Wales Government for the development of a six-star luxury hotel resort at Barangaroo South in Sydney. The agreements between Crown and the New South Wales Government represented the outcomes of Stage 3 of the Unsolicited Proposal put forward by Crown in relation to the Crown Sydney Hotel Resort.

Subsequently the New South Wales Parliament passed legislation to amend the Casino Control Act 1992 (NSW) to permit the issue of a restricted gaming licence for Crown Sydney.

The development of the Crown Sydney Hotel Resort remains conditional on the issuing of a restricted gaming licence by the Independent Liquor and Gaming Authority, the granting of all necessary planning approvals and the finalisation of certain agreements with the Barangaroo Delivery Authority and the developer of Barangaroo South, Lend Lease.

It is envisaged that the Crown Sydney Hotel Resort will be operational from November 2019 when gaming under the restricted gaming licence (if issued) will be permitted to commence.

CASH FLOW AND DEBT

Operating cash flow for the period was \$304.1 million. After net capital expenditure of \$172.2 million, licence fee payments of \$5.0 million, dividend payments of \$138.4 million, net debt drawdowns of \$94.3 million and net investment payments of \$98.8 million, total Group debt was \$1,751.9 million as at 31 December 2013. Total cash and cash equivalents at 31 December 2013 was \$192.7 million, which consisted of cash maintained for working capital purposes of \$124.3 million, with the balance of \$68.4 million available for general purposes. Net debt, excluding working capital cash, at 31 December 2013 stood at \$1,683.5 million.

At 31 December 2013, total liquidity, excluding working capital cash of \$124.3 million, was \$1,148.7 million, represented by \$68.4 million in available cash and \$1,080.3 million in committed undrawn facilities.

CORPORATE COSTS

During the period corporate costs were \$21.7 million which was \$13.9 million below the pcp. The prior period's corporate costs included costs associated with the Crown Sydney Hotel Resort project.

INTEREST EXPENSE

The total net interest expense for the half year was \$51.0 million, a decrease of \$8.6 million on the pcp as a result of lower net debt combined with lower base interest rates.

DIVIDEND

Crown has declared an interim dividend on ordinary shares of 18 cents per share, franked to 50%, payable to shareholders registered at 5.00pm on Friday 28 March 2014. The dividend is due to be paid on Friday 11 April 2014. No part of the unfranked portion of the dividend will consist of conduit foreign income. The dividend is in line with Crown's previously announced dividend policy.

ENDS

Financial Media Enquiries – Ken Barton, Chief Financial Officer, 03 9292 8824.

Investor and Analyst Enquiries – John Bresnan, Investor Relations, 03 9292 8851.

COPIES OF RELEASES

Copies of previous media and ASX announcements issued by Crown are available at Crown's website at www.crownresorts.com.au



CROWN RESORTS GROUP RESULT
Six Months ended 31 December 2013

Normalised Results ⁽¹⁾				Actual Results ⁽²⁾		
6 mths ended D 2012 \$ M	6 mths ended D 2013 \$ M	% movement or Normalised		6 mths ended D 2012 \$ M	6 mths ended D 2013 \$ M	% movement or Actual
<u>1,555.9</u>	<u>1,460.9</u>	(6.1)%	OPERATING REVENUE ⁽³⁾	<u>1,505.8</u>	<u>1,555.5</u>	3.3%
400.3	392.3	(2.0)%	EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & SIGNIFICANT ITEMS	377.7	479.0	26.8%
<u>(118.6)</u>	<u>(123.1)</u>		Depreciation & Amortisation	<u>(118.6)</u>	<u>(123.1)</u>	
281.7	269.2	(4.4)%	EARNINGS BEFORE INTEREST, TAX & SIGNIFICANT ITEMS	259.1	355.9	37.4%
<u>(59.6)</u>	<u>(51.0)</u>		Net Interest Income / (Expense)	<u>(59.6)</u>	<u>(51.0)</u>	
222.1	218.2	(1.8)%	PROFIT BEFORE TAX & SIGNIFICANT ITEMS	199.5	304.9	52.8%
<u>(42.7)</u>	<u>(42.0)</u>		Taxation	<u>(37.4)</u>	<u>(68.1)</u>	
179.4	176.2	(1.8)%	PROFIT AFTER TAX & BEFORE SIGNIFICANT ITEMS	162.1	236.8	46.1%
<u>64.1</u>	<u>138.8</u>		Equity Accounted Profit / (Loss)	<u>70.7</u>	<u>145.7</u>	
<u>243.5</u>	<u>315.0</u>	29.4%	NET PROFIT BEFORE SIGNIFICANT ITEMS	232.8	382.5	64.3%
			Significant items net of tax ⁽⁴⁾	<u>(52.0)</u>	<u>0.0</u>	
			NET PROFIT	<u>180.8</u>	<u>382.5</u>	111.6%

(1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play and pre-opening costs from Melco Crown. The difference between reported NPAT of \$382.5 million and normalised NPAT of \$315.0 million is due to an above theoretical result on VIP program play at Crown's Australian casinos of \$61.4 million and an adjustment to the equity accounted share of NPAT from Melco Crown of \$6.9 million to exclude the impact of an above theoretical win rate on VIP play and pre-opening costs, partially offset by a below theoretical result at Crown Aspinalls of \$0.8 million.

(2) Actual results reflect revenues & expenses at actual win rates and include significant items.

(3) Operating revenue excludes interest revenue.

(4) The significant item relates to the mark-to-market on Crown's investment in Echo, which resulted in a loss of \$52.0 million net of tax for the half (\$74.3 million before tax).



CROWN RESORTS DIVISIONAL RESULTS
Six Months ended 31 December 2013

Normalised Results⁽¹⁾				Actual Results⁽²⁾		
6 mths ended D 2012	6 mths ended D 2013	% movement or Normalised		6 mths ended D 2012	6 mths ended D 2013	% movement or Actual
\$ M	\$ M			\$ M	\$ M	
			REVENUE			
1,555.9	1,460.9	(6.1)%	Gaming	1,505.8	1,555.5	3.3%
<u>0.0</u>	<u>0.0</u>	NA	Corporate	<u>0.0</u>	<u>0.0</u>	NA
<u>1,555.9</u>	<u>1,460.9</u>	(6.1)%		<u>1,505.8</u>	<u>1,555.5</u>	3.3%
			EXPENDITURE			
1,120.0	1,046.9	(6.5)%	Gaming	1,092.5	1,054.8	(3.5)%
<u>35.6</u>	<u>21.7</u>	(39.0)%	Corporate	<u>35.6</u>	<u>21.7</u>	(39.0)%
<u>1,155.6</u>	<u>1,068.6</u>	(7.5)%		<u>1,128.1</u>	<u>1,076.5</u>	(4.6)%
			EBITDA			
435.9	414.0	(5.0)%	Gaming	413.3	500.7	21.1%
<u>(35.6)</u>	<u>(21.7)</u>	(39.0)%	Corporate	<u>(35.6)</u>	<u>(21.7)</u>	(39.0)%
<u>400.3</u>	<u>392.3</u>	(2.0)%		<u>377.7</u>	<u>479.0</u>	26.8%
28.0%	28.3%		GAMING EBITDA / REVENUE	27.4%	32.2%	

(1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play at Crown Melbourne, Crown Perth and Crown Aspinall's.

(2) Actual results reflect revenues & expenses at actual win rates.